County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

SACHI A. HAMAI
Chief Executive Officer

February 9, 2018

To: Supervisor Sheila Kuehl, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: Sachi A. Hamai
Chief Executive Officer

WASHINGTON, D.C. UPDATE – REPORT ON THE FEDERAL BIPARTISAN BUDGET AGREEMENT

Executive Summary

This memorandum contains a report on the Bipartisan Budget Act of 2018, as signed into law by President Trump on February 9, 2018.

Bipartisan Budget Act

On February 9, 2018, Congress approved and President Trump signed the Bipartisan Budget Act of 2018 (H.R. 1892), a comprehensive budget agreement that includes a Continuing Resolution (CR) to fund Federal government operations through March 23, 2018, and top-line spending limits for Federal Fiscal Years (FFYs) 2018 and 2019. The Senate passed the bill, after some delay related to budget caps, by a vote of 71 to 28 with wide bipartisan support. The bill immediately moved to the House of Representatives, where it passed by a vote of 240 to 186 despite concerns from House Democrats regarding the absence of provisions in the bill that address the Deferred Action for Childhood Arrivals (DACA) and opposition by a number of House Republicans over the level of spending increases for non-defense programs and the impact of the CR on the growing Federal deficit.

H.R. 1892 increases defense and non-defense discretionary budget caps for FFYs 2018 and 2019. While the bill sets out broad top-line budget numbers for the next two years, lawmakers will face yet another deadline on March 23, 2018, to continue to fund the Federal government for FFY 2018. Congress is expected to take up a single omnibus spending legislation for FFY 2018 rather than passing individual appropriations bills.

Key elements of the bill include:

- A $296.0 billion increase in spending caps on defense and non-defense discretionary spending for FFYs 2018 and 2019, including $80.0 billion for defense and $63.0 billion for non-defense programs in FFY 2018.
- Suspension of the debt ceiling through March 1, 2019.
- $89.3 billion in immediate emergency supplemental appropriations, including $17.39 billion for the Army Corps of Engineers, for the hurricane and wildfire disasters.
- A two-year delay in scheduled cuts to Disproportionate Share Hospital (DSH) payments.
- $100.0 billion in spending cuts over ten years, including $1.35 billion over ten years for the Prevention and Public Health Fund, to partially offset the increases in non-defense programs.
- A 5-year authorization for the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program.
- $3.8 billion in funding for Community Health Centers for FFY 2018 and $4.0 billion for FFY 2019.
- A 10-year extension of the Children's Health Insurance Program.

Provisions of Interest to the County

Family First Prevention Services Act (FFPSA): Contains provisions of the FFPSA drawn from H.R. 253 of 2017, which the County and other child welfare organizations opposed due to the impact the FFPSA would have on California's foster care system as implemented through Continuum of Care Reform. Of specific concern to the County are provisions that would: 1) limit prevention activities currently funded through Title IV-E waiver funding; 2) create administrative barriers to placing children in higher level care; 3) limit assessment periods to a 30-day period regardless of individual needs; 4) shift the burden of foster care recruitment to counties by allocating insufficient funding; and 5) delay the delinking of the 1996 income test until 2024. **Consistent with Board-approved policy, the County's Washington D.C. office advocated in opposition to the inclusion of the FFPSA in the Senate Budget Agreement.**

Health Care:

- **Medicaid Disproportionate Share Hospital (DSH) Payments:** Further delays in scheduled cuts to payments made to hospitals that serve high rates of low-income patients. **Consistent with Board-approved policy, the County advocated for a two-year delay as it would provide a $125.0 million benefit to the County.**

- **Prevention and Public Health Fund (PPHF):** Cuts the PPHF by $1.35 billion over ten years, with cuts beginning in FFY 2022. The PPHF has financed over $40.0 million in prevention, wellness, and public health service improvements in Los Angeles County since 2011. The Department of Public Health currently receives $10.0 million annually from the fund. **Consistent with Board-approved policy, the County advocated against further reductions to the PPHF.**

- **Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program:** Includes a five-year reauthorization at $400.0 million a year for home visiting services for families with young children who reside in communities that have concentrations of poor child health and other risk indicators. The funding authorization for this program expired on September 30, 2017. **The Department of Public Health indicates the County received $2.79 million for the MIECHV Program in 2016 and $1.52 million in 2017.**

- **Community Health Centers (CHC) and Other Public Health Programs:** Extends funding for the CHC program for two years to $3.6 billion annually for FFYs 2018 and 2019. The CHC program provides grants to support outpatient primary care facilities that serve low-income individuals or areas with few health care providers. It also authorizes, over two years, an additional $620.0 million for the National Health Service Corps and $254.0 million for the Teaching Health Center Graduate Medical Education program, both of which encourage doctors to practice in medically underserved areas.

- **Children's Health Insurance Program (CHIP):** Extends the current six-year authorization by an additional four years for CHIP, which provides insurance coverage to children in families who earn too much to qualify for Medicaid, but not enough to afford private insurance.

2020 Census: Includes an additional $182.0 million to support the U.S. Census Bureau's 2020 Decennial Census Program. As written, the funding may be allocated, as necessary, to maintain the Census schedule and deliver required data in accordance with statutory deadlines. Details are forthcoming, however in its current form, the Act does not appear to include additional reporting requirements. **Consistent with Board-approved policy, the County continues to advocate for additional funding to promote the 2020 Decennial Census.**

Base Realignment and Closure (BRAC): Specifies that none of the funds made available by this Act may be used to propose, plan for, or execute a new or additional Base Realignment and Closure (BRAC) round. **Consistent with Board-approved policy, the County advocated in opposition to a new BRAC round.**

Disaster Loan Programs: Provides $1.65 billion for the Small Business Administration (SBA) Disaster Loans Program account, which, combined with prior amounts appropriated for this program, would allow SBA to make up to $12.2 billion in disaster loans. Of this amount, $1.03 billion is provided through loan subsidies and $618.0 million is provided for administrative funding. **The Office of Emergency Management indicates that the additional emergency funding for the SBA Disaster Loan Program will not impact the County directly, but will benefit businesses and residents affected by the wildfires that may need assistance above what FEMA can provide.**

This office is continuing to work with affected departments to further determine any potential impact to the County.

Legislative Outlook

As part of the bipartisan agreement FFYs 2018 and 2019, lawmakers agreed to include $6.0 billion for substance abuse and mental health programs to combat the opioid epidemic. According to Congressional leadership, the funding will be used to provide enhanced grants to states for prevention programs and law enforcement activities. Specifics will be determined in upcoming appropriations negotiations. The agreement will also allocate $5.8 billion over two years for child care block grants and approximately $20.0 billion for domestic infrastructure programs, including investments for existing water and energy projects, broadband in rural areas, and surface transportation improvements. The agreement also includes $4.0 billion for improvements to Veterans Affairs' hospitals and clinics, $4.0 billion for programs that help make higher education more affordable, and $2.0 billion for the National Institutes of Health research.

Congress will now take up appropriations legislation to fund the government for the entire year before the CR expires on March 23, 2018. President Trump is still scheduled to deliver his FFY 2019 budget request to Congress on February 12, 2018, which will contain an addendum to include the additional $296.0 billion for the spending caps on defense and non-defense discretionary spending for FFYs 2018 and 2019.

Although the Bipartisan Budget Act did not include an extension for DACA or Temporary Protected Status, the Senate is expected to take up a House bill next week as a vehicle for immigration with an open amendment process. Lawmakers have until March 5, 2018, to pass a legislative solution for DACA recipients who risk deportation.

We will continue to keep you advised.

SAH:JJ:MR
VE:JS:BM:lm

c: All Department Heads